
Minneapolis Park & Recreation Board

Board of Estimate & Taxation Presentation

September 9, 2015



Budget History



General Fund Revenues

- Property Tax
- Local Government Aid (LGA)
- Other Revenue

Property Tax

- The Park Board property tax levy has increased an average of 3.7 percent annually for the past ten years, including the Tree Preservation and Reforestation Levy, which was reinstated in 2014.

Park Board Property Tax Levy (in millions)

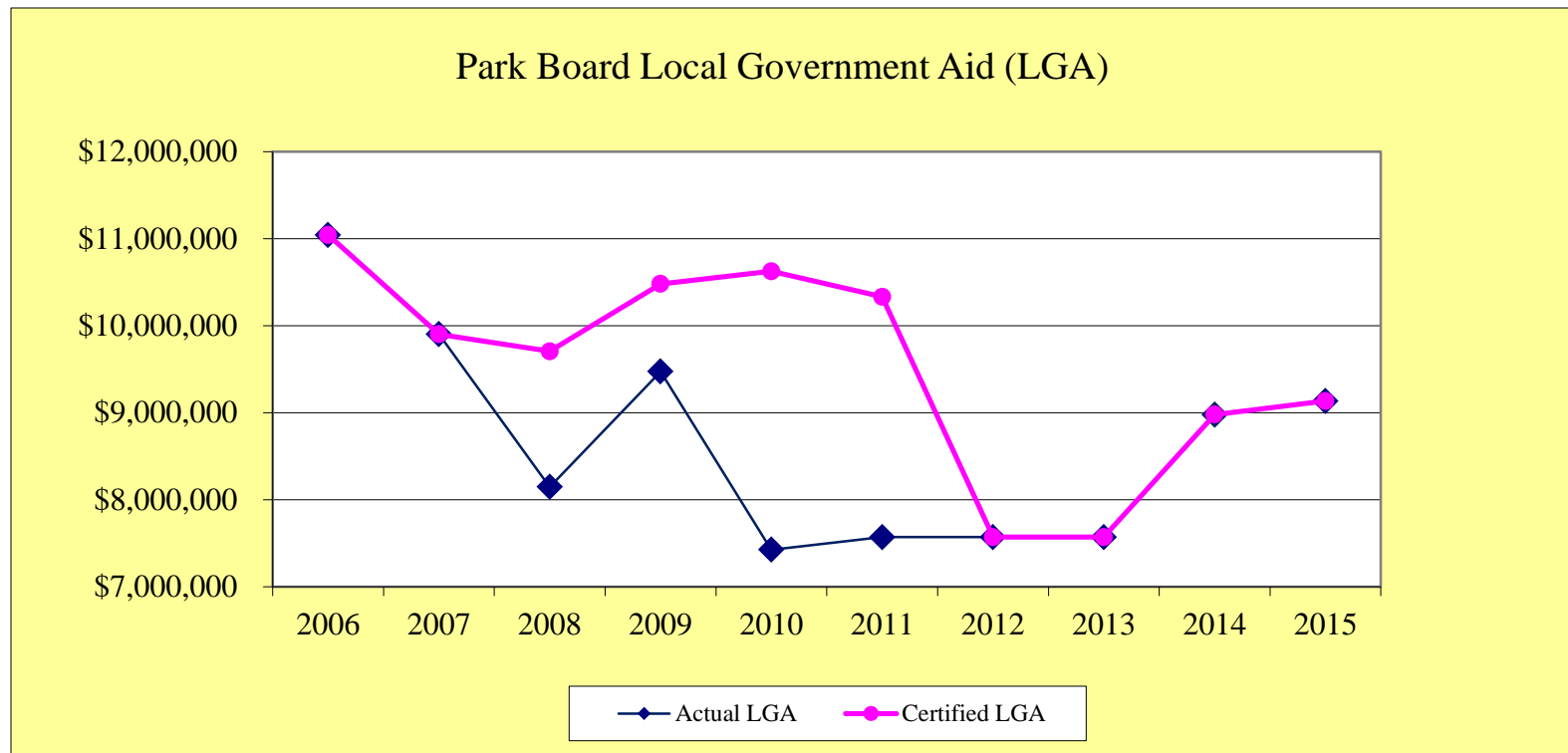
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Amount	\$38.1	\$40.0	\$41.8	\$43.6	\$45.5	\$47.2	\$47.2	\$48.6	\$49.6	\$52.0
Increase	4.5%	5.1%	4.4%	4.4%	4.3%	3.8%	0.0%	3.0%	2.1%	4.9%

2014: 0% general operating budget levy increase, 2.1% tree levy increase

2015: 4% general operating budget levy increase, 0.9% tree levy increase

Local Government Aid

- Actions to balance the state budget from 2008-2011 resulted in reduced Local Government Aid (LGA) payments to Minnesota cities. The Park Board lost \$8.5 million in LGA due to the reductions over these four years.
- In 2015 Park Board LGA was increased by \$156,000, to \$9.1 million.



General Fund Other Revenue

- Other revenue includes:
 - ❑ License, permit and service fees
 - ❑ Grants and donations
 - ❑ Building and grounds rentals
 - ❑ Fines
 - ❑ Overhead Charges, Transfers from other funds, Pension Credits
- In the 2013 budget a number of activities were moved from the enterprise fund to the general fund, resulting in greater fee revenue in the general fund

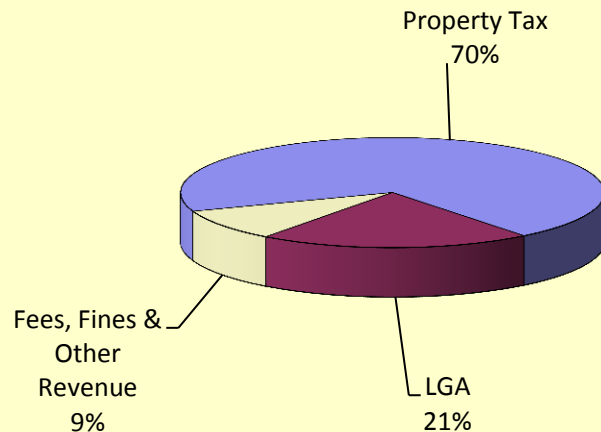
General Fund Other Revenue (in millions)

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 (Budget)
\$4.9	\$5.7	\$5.0	\$4.8	\$5.1	\$5.2	\$5.0	\$9.6	\$8.5	\$8.8

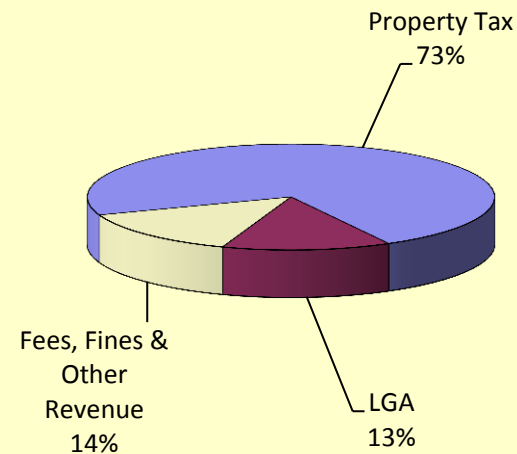
Revenue by Major Sources

- Although Park Board state aid was increased in 2015, it is still lower than 2006, making the Park Board more reliant on Fees, Fines & Other Revenue and Property Tax. Fees, Fines & Other Revenue have increased due to the realignment of enterprise activities.

2006 General Fund Revenue by Major Sources



2015 General Fund Revenue by Major Sources



General Fund Expenditures

- General Fund Operating Budget History
- Capital Funding
- Full-Time Employees

General Fund Operating Budget History

- Park Board General Fund operating budget has increased \$12.9 million, or 24 percent in ten years. Included in this increase is fee based recreation programs of \$3.5 million (5 percent) moved to the General Fund in 2013.
- Over the same ten years health insurance premiums have increased by 68 percent, pension contribution rates by 25 percent and energy costs by 38 percent.
- These increases in health insurance, pension rates, & energy costs, coupled with the operating budget not keeping pace with the rate of inflation has directly reduced the amount of funding available for programs and services.

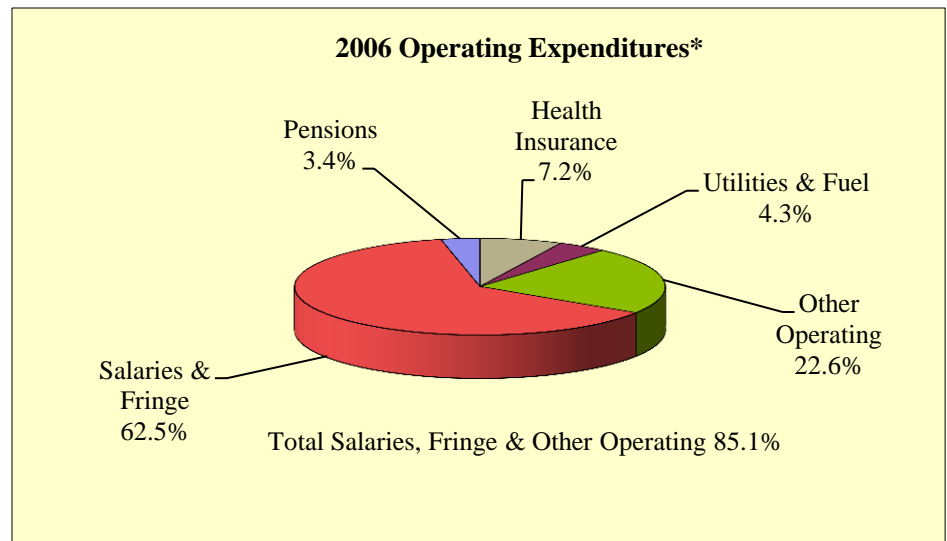
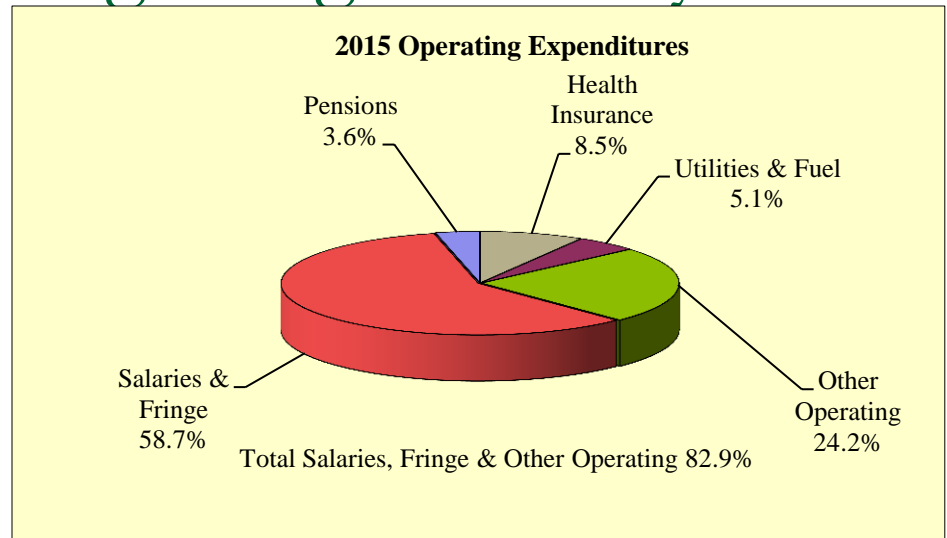
Operating Budget History (in millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Amount	\$52.8	\$52.5	\$54.2	\$55.9	\$55.9	\$53.8	\$53.8	\$59.5	\$62.5	\$65.7
Increase	7.3%	-0.6%	3.2%	3.1%	0.0%	-3.8%	0.0%	10.6%	5.0%	5.1%

*Does not include tree preservation & reforestation levy

General Fund Operating Budget History (continued)

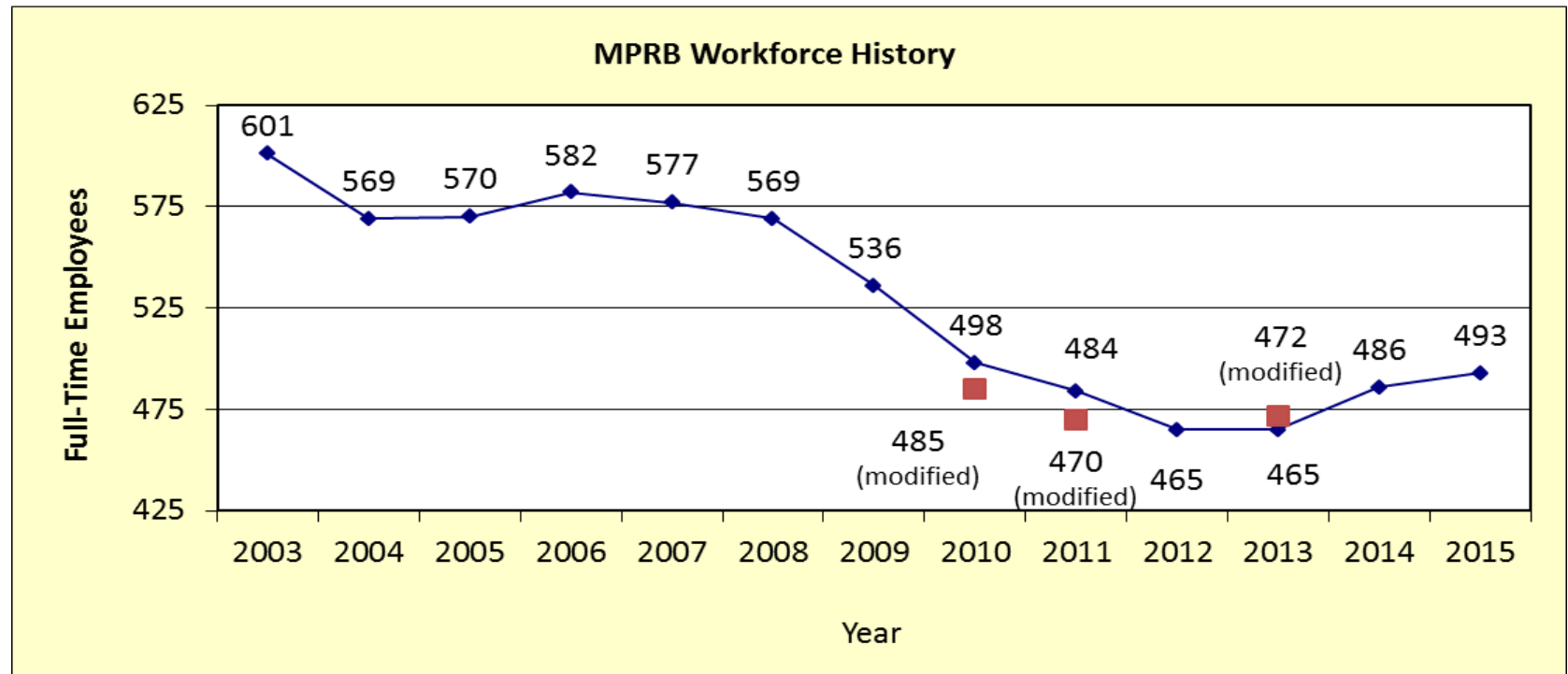
Despite reductions in FTEs and initiatives designed to operate more efficiently and reduce spending, rising costs of health insurance, pensions and energy and the dollars available not keeping pace with the rate of inflation there continues to be fewer funds available for programs and services.



*includes the same activities as 2015 Operating Expenditures

Full-Time Employees (all funds)

- The Park Board workforce has been reduced by 108 full-time employees (18 percent of the workforce) since 2003, due to budget pressures, decreased state aids. Operating efficiencies have been implemented to respond to funding reductions.
- The Tree Preservation and Reforestation Levy, shift from part-time to full-time staffing, increased LGA and a property tax increase in 2015 has allowed increases in full-time employees since 2012.



Budget Outlook



Federal Legislative Update

- Focused work in Washington DC is resulting in successes for the Park Board
- Since 2012, the Park Board has worked with federal agency staff and legislators to bring attention to RiverFirst
 - In 2015 Minneapolis was one of only 8 cities in the country to receive LWCF funding, and only one of 2 cities to receive the maximum available amount through the Pilot Competitive Grant Program for RiverFirst
 - The Federal Government has requested the Park Board to submit an application to the Urban Waters Partnership Program
- In 2014 Minneapolis was designated by the Federal Government as one of three pilot cities working on addressing youth violence
 - Minneapolis' focus is on addressing the recruitment of youth and young adults to fight for ISIS or ISIL
 - Park Board is working with lobbyists and legislators to direct programmatic funding to the Park Board for services for Cedar Riverside Neighborhood

State Legislative Update

- The State budget was settled in a special session on June 12.
 - Local Government Aid (LGA) – No changes were made to the LGA formula and current law stays in effect. Park Board LGA is expected to increase by \$49,000 to \$9.2 million
 - Operations & Maintenance (O&M) Lottery Funding – The Metro Regional Park system received full funding, with no restrictions for the Park Board.
 - North Mississippi Regional Park – Dedicated funding (derived from Met Council interest earnings) for the park is eliminated after three years. The three year delay will ensure that Webber Natural Swimming Pool is fully funded.
 - Legacy Funding –The Park Board was funded at the expected level.
 - Teen Teamworks/Learn to Earn – The Park Board's award for 2016-2017 was cut in half from the previous cycle, to \$100,000 per year.

General Fund Budget – 2016 Estimated Gap

Revenue Increase (based on 4% General Fund property tax increase)	\$ 1,987,184
Provision For Wage and Benefit Adjustments, Self Insurance Increase	\$ 2,151,674
Health Insurance Increase	\$ 126,520
Other Operating Expenditures	\$ 625,179
General Fund Capital Contribution Increase	\$ 350,629
Expenditure Increases	\$ 3,254,002
Preliminary, estimated 2016 deficit	\$ (1,266,818)

*Does not include tree preservation & reforestation levy

General Fund Five-Year Projections

General Fund Property Tax Levy Increase		4.0%	2.0%	2.0%	2.0%	2.0%
	Adopted	Est	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget	Budget
	2015	2016	2017	2018	2019	2020
Property Taxes	50,068,621	52,056,576	53,097,708	54,159,662	55,242,855	56,347,712
Local Government Aid	9,133,360	9,182,581	9,182,581	9,182,581	9,182,581	9,182,581
Fees, Fines and Other Revenues	9,039,026	8,989,034	9,414,659	9,414,659	9,414,659	9,414,659
Total	68,241,007	70,228,191	71,694,948	72,756,902	73,840,095	74,944,952
Full-Time Wages & Fringe	33,683,443	35,483,373	36,545,940	37,496,135	38,471,034	39,471,281
Part-Time Wages & Fringe	7,238,127	7,589,871	8,049,601	8,230,269	8,394,875	8,562,772
Health Insurance	5,597,783	5,724,303	6,010,518	6,311,044	6,626,596	6,957,926
Other Expenditures	19,192,283	19,817,462	20,447,974	20,754,693	21,066,014	21,382,004
Operating Costs	65,711,636	68,615,009	71,054,033	72,792,142	74,558,519	76,373,983
Capital Levy	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess GF Capital Contribution	1,029,371	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000
Total	68,241,007	71,495,009	73,934,033	75,672,142	77,438,519	79,253,983
Estimated Gap	0	(1,266,818)	(2,239,085)	(2,915,240)	(3,598,424)	(4,309,031)
Unmet Neighborhood Capital Needs		8,935,969	9,365,448	10,807,812	8,263,446	10,232,749
Total Estimated Gap		(10,202,787)	(11,604,533)	(13,723,052)	(11,861,870)	(14,541,780)

*Does not include tree preservation & reforestation levy

Tree Preservation & Reforestation Five-Year Projections

Property Tax Levy Increase		17.4%	4.7%	3.0%	3.0%	3.0%
	Adopted	Est	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget	Budget
<u>Revenue</u>	2015	2016	2017	2018	2019	2020
Property Taxes	1,445,500	1,714,503	1,795,601	1,849,575	1,905,217	1,962,580
Use of Fund Balance	0	28,739	0	0	0	0
Total	1,445,500	1,743,242	1,795,601	1,849,575	1,905,217	1,962,580
<u>Expenditures</u>						
Full-Time Wages & Fringe	422,352	434,309	445,601	457,187	469,074	481,269
Health Insurance	89,166	89,952	94,450	99,172	104,131	109,337
Other Expenditures	933,982	1,218,981	1,255,550	1,293,217	1,332,013	1,371,973
Capital Costs	-	-	-	-	-	-
Total	1,445,500	1,743,242	1,795,601	1,849,575	1,905,217	1,962,580
Ash Trees Removed	4,735	4,735	4,735	4,735	4,735	4,735

MPRB Property Tax Levy

Minneapolis Park & Recreation Board Certified Property Tax Levy				
	2015 Adopted	2016 Projected	Change	% Change
Minneapolis Park Board	50,560,000	52,582,400	2,022,400	4.0%
Tree Preservation & Reforestation	1,475,000	1,732,000	257,000	17.4%
Park Board Total	52,035,000	54,314,400	2,279,400	4.4%

Every 1 percent increase in Property Taxes generates \$517,748 for the Park Board, and increases the average homeowners (\$181,500 median value) property taxes by approximately \$2.

Capital Budget Outlook



Capital Budget Outlook

	Current	Estimated	Estimated	Estimated	Estimated	Estimated
	Budget	Budget	Budget	Budget	Budget	Budget
	2015	2016	2017	2018	2019	2020
Bonds	2,500,000	2,500,000	2,500,000	1,500,000	4,500,000	3,000,000
Capital Levy - Pay as You Go	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Capital Levy - Pay as You Go Addtl	1,029,371	1,380,000	1,380,000	1,380,000	1,380,000	1,380,000
Total Neighborhood Parks Funding	5,029,371	5,380,000	5,380,000	4,380,000	7,380,000	5,880,000
Metropolitan Council	1,810,000	450,000	4,110,000	450,000	4,110,000	450,000
Parks and Trails Legacy	3,246,000	3,304,000	3,456,000	3,250,000	3,250,000	3,250,000
Lottery in Lieu (O&M)	1,395,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Total Regional Parks Funding	6,451,000	5,054,000	8,866,000	5,000,000	8,660,000	5,000,000
Total Revenue	11,480,371	10,434,000	14,246,000	9,380,000	16,040,000	10,880,000
Neighborhood Parks Rehabilitation	5,010,000	5,380,000	5,380,000	4,380,000	7,380,000	5,880,000
Regional Parks Rehabilitation	5,573,000	5,054,000	8,683,000	4,469,000	7,329,000	4,769,000
Parkways & Parkway Lighting Rehab	879,000	0	183,000	531,000	1,331,000	231,000
Total Expenditures	11,462,000	10,434,000	14,246,000	9,380,000	16,040,000	10,880,000
Revenue less Expenditures	18,371	0	0	0	0	0

CLIC Recommendation

	Estimated	Estimated	Estimated	Estimated	Estimated	Total
	Budget	Budget	Budget	Budget	Budget	2016-
	2016	2017	2018	2019	2020	2020
Bonds CLIC Recommended	2,500,000	1,500,000	1,000,000	3,315,000	1,840,000	10,155,000
Bonds Park Board Requested	2,500,000	2,500,000	1,500,000	4,500,000	3,000,000	14,000,000
Difference	0	(1,000,000)	(500,000)	(1,185,000)	(1,160,000)	(3,845,000)

CLIC Recommended Reductions

- Service Area Master Plans - no recommended funding
(\$1.5 million total eliminated over 2017 and 2018)
- Playgrounds and Pools program reduction
(\$1.8 million total reduction over 2019 and 2020)
- Bryn Mawr Meadows Athletic Fields reduction
(\$526,000 total reduction over 2019 and 2020)